

Message Text

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ORIGIN PM-04

INFO OCT-01 SS-15 NSC-05 SSO-00 NSCE-00 SP-02 CIAE-00

INR-07 NSAE-00 INRE-00 PRS-01 OMB-01 IGA-02 DODE-00

EA-07 H-02 L-03 ISO-00 PA-01 USIE-00 /051 R

DRAFTED BY PM:JNMCBRIDE/RES

APPROVED BY PM:JNMCBRIDE

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S/S - FORTIZ

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FM SECSTATE WASHDC

TO CINCPAC HONOLULU IMMEDIATE

C O N F I D E N T I A L STATE 015340

E.O. 11652:GDS

TAGS: MASS

SUBJECT: SECURITY ASSISTANCE REPORT

C/O POLAD PLEASE PASS MR. STERN ASAP

UNCLASSIFIED TEXT OF SECTION 17 REPORT FOLLOWS. BEGIN TEXT.
TO THE CONGRESS OF THE UNITED STATES THE FOREIGN ASSISTANCE
ACT OF 1974, ENACTED BY THE 93RD CONGRESS ON DEC.

30,1974 EXPRESSES THE SENSE OF THE CONGRESS THAT THE
POLICIES AND PURPOSES OF THE MILITARY ASSISTANCE PROGRAM
SHOULD BE "REEXAMINED IN LIGHT OF CHANGES IN WORLD CON-
DITIONS AND THE ECONOMIC POSITION OF THE UNITED STATES IN
RELATION TO COUNTRIES RECEIVING SUCH ASSISTANCE." SEC-
TION 17(A) OF THE ACT EXPRESSES THE VIEW THAT THE PROGRAM,
EXCEPT FOR MILITARY EDUCATION AND TRAINING ACTIVITIES,
"SHOULD BE REDUCED AND TERMINATED AS RAPIDLY AS FEASIBLE
CONSISTENT WITH THE SECURITY AND FOREIGN POLICY REQUIRE-
MENTS OF THE UNITED STATES."

TO GIVE EFFECT TO SECTION 17(A) OF THE ACT, THE CON-
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GRESS DIRECTED THAT I SUBMIT TO THE FIRST SESSION OF THE

94TH CONGRESS A DETAILED PLAN FOR THE "REDUCTION AND EVENTUAL ELIMINATION OF THE PRESENT MILITARY ASSISTANCE PROGRAM." IN THE INTERVENING PERIOD, THE TWO FOREIGN AFFAIRS COMMITTEES ARE CONSIDERING DRAFT LEGISLATION THAT WOULD ARBITRARILY TERMINATE GRANT MILITARY ASSISTANCE PROGRAMS AFTER SEPTEMBER 30, 1977, UNLESS AUTHORIZED BY THE CONGRESS.

I HAVE STRESSED REPEATEDLY IN MY MESSAGES TO THE CONGRESS AND IN MY REPORTS TO THE AMERICAN PEOPLE, THE NEED FOR CONSTANCY AND CONTINUITY IN OUR FOREIGN POLICY, AND, IN PARTICULAR, IN OUR RELATIONSHIP WITH NATIONS WHICH TURN TO US FOR NECESSARY SUPPORT IN MEETING THEIR MOST PRESSING SECURITY NEEDS. SINCE WORLD WAR II, THE UNITED STATES HAS EXTENDED SUCH ASSISTANCE TO FRIENDS AND ALLIES. THIS POLICY HAS CONTRIBUTED IMMEASURABLY TO THE CAUSE OF PEACE AND STABILITY IN THE WORLD. MANY COUNTRIES WHICH ONCE RECEIVED GRANT MILITARY ASSISTANCE HAVE ACHIEVED SELF-SUFFICIENCY IN PROVIDING FOR THEIR SECURITY INTERESTS, AND GRANT MILITARY ASSISTANCE TO A NUMBER OF CURRENT RECIPIENTS IS BEING REDUCED OR ELIMINATED.

I FIRMLY BELIEVE THAT GRANT MILITARY ASSISTANCE IN SOME FORM WILL REMAIN A BASIC REQUIREMENT FOR AN EFFECTIVE US FOREIGN POLICY FOR THE FORESEEABLE FUTURE. IN THE MIDDLE EAST AND ELSEWHERE, WE MUST MAINTAIN OUR FLEXIBILITY TO RESPOND TO FUTURE ASSISTANCE REQUIREMENTS WHICH CANNOT NOW BE RECKONED WITH PRECISION. IT WILL CONTINUE TO BE IN OUR INTEREST TO BE ABLE TO MEET THE LEGITIMATE SECURITY REQUIREMENTS OF COUNTRIES WHO CANNOT SHOULDER THE FULL BURDEN OF THEIR OWN DEFENSE AND GRANT ASSISTANCE WILL CONTINUE TO BE NEEDED TO ASSIST COUNTRIES THAT PROVIDE US ESSENTIAL MILITARY BASES AND FACILITIES. THESE REQUIREMENTS WILL NOT DISAPPEAR; THEY ARE THE NECESSARY RESULT OF THE UNSETTLED STATE OF THE WORLD AND OF OUR ROLE AS A WORLD POWER.

NEVERTHELESS, IN RECOGNITION OF THE EXPRESSED SENSE OF THE CONGRESS, I HAVE, IN PREPARING THE 1977 BUDGET AND LEGISLATIVE PROGRAM, REEXAMINED THE POLICIES, PURPOSES AND

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SCOPE OF THE MILITARY ASSISTANCE PROGRAM WITH A VIEW TO REDUCING OR TERMINATING ANY COUNTRY PROGRAMS NO LONGER ESSENTIAL TO THE SECURITY AND FOREIGN POLICY INTERESTS OF THE UNITED STATES. AS A CONSEQUENCE OF THIS REVIEW, THE 1977 MILITARY ASSISTANCE BUDGET REQUEST WILL REFLECT A 28 PERCENT REDUCTION BELOW THE 1976 REQUEST, THE TERMINATION OF GRANT MATERIEL ASSISTANCE TO KOREA, AND ELIMINATION OF FIVE SMALL GRANT PROGRAMS IN LATIN AMERICA. FUR-

THERMORE, OUR PRELIMINARY ESTIMATE OF THE 1978 REQUIREMENTS INDICATES THAT ADDITIONAL REDUCTIONS AND SOME ADDITIONAL PROGRAM TERMINATIONS SHOULD BE FEASIBLE IN THE ABSENCE OF UNFAVORABLE SECURITY OR ECONOMIC DEVELOPMENT IN THE COUNTRIES CONCERNED.

I MUST EMPHASIZE, HOWEVER, THAT OFFSETTING INCREASES IN FOREIGN MILITARY SALES CREDITS WILL BE REQUIRED IN MOST INSTANCES TO MEET THE LEGITIMATE MILITARY NEEDS OF OUR

FRIENDS AND ALLIES AT A TIME WHEN MUCH OF THEIR MILITARY EQUIPMENT IS REACHING OBSOLESCENCE AND PRICES OF NEW EQUIPMENT ARE INCREASING DRASTICALLY. MOREOVER, THE CAPACITIES OF MANY OF THESE GRANT MILITARY AID RECIPIENTS TO ASSUME ADDITIONAL FOREIGN EXCHANGE COSTS BECAUSE OF REDUCED MILITARY AID ARE LIMITED BY THE NECESSITY TO COPE WITH HIGHER OIL PRICES AS WELL AS THE IMPACT OF THE RECESSION IN THE DEVELOPED COUNTRIES ON THEIR EXPORTS. IN THESE CIRCUMSTANCES, I BELIEVE THE INTERESTS OF THE UNITED STATES IN THE CONTINUED SECURITY OF THESE COUNTRIES ARE BETTER SERVED BY A GRADUAL REDUCTION OF GRANT MILITARY ASSISTANCE ATTUNED TO THE PARTICULAR CIRCUMSTANCES OF EACH COUNTRY THAN BY AN ARBITRARY TERMINATION OF ALL SUCH ASSISTANCE ON A GIVEN DATE.

FINALLY, I MUST EMPHASIZE THAT IN THIS UNCERTAIN AND UNPREDICTABLE ERA WE MUST MAINTAIN OUR NATIONAL STRENGTH AND OUR NATIONAL PURPOSES AND REMAIN FAITHFUL TO OUR FRIENDS AND ALLIES. IN THESE TIMES, WE MUST NOT DENY OURSELVES THE CAPACITY TO MEET INTERNATIONAL CRISES AND PROBLEMS WITH ALL THE INSTRUMENTS NOW AT OUR DISPOSAL. I URGE THE CONGRESS TO PRESERVE THE AUTHORITIES IN LAW TO PROVIDE GRANT MILITARY AID, AN INSTRUMENT OF OUR NATIONAL

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SECURITY AND FOREIGN POLICY THAT HAS SERVED THE NATIONAL INTEREST WELL FOR MORE THAN 30 YEARS. END TEXT

BEGIN CONFIDENTIAL: ANY THOUGHT OF DELAYING SUBMISSION WAS PUT ASIDE WHEN IT BECAME CLEAR THAT SENATOR CRANSTON AND A SMALL GROUP OF COLLEAGUES WERE PREPARING TO MAKE A PUBLIC ISSUE OF ADMINISTRATION'S NON-COMPLIANCE WITH CONGRESSIONAL REPORTING REQUIREMENT. END CONFIDENTIAL SISCO

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, ECONOMIC ASSISTANCE, US CONGRESSIONAL PRESENTATIONS, MILITARY ASSISTANCE PROGRAMS, INTERGOVERNMENTAL COOPERATION
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE015340
Document Source: CORE
Document Unique ID: 00
Drafter: JNMCBRIDE/RES
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760023-0569
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760136/aaaabfwk.tel
Line Count: 162
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 29 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 JUL 2004 by coburnhl>; RELEASED <29 JUL 2004 by ullricre>; APPROVED <11 AUG 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECURITY ASSISTANCE REPORT C/O POLAD PLEASE PASS MR. STERN ASAP
TAGS: MASS, PFOR, EAID, US, XX
To: CINCPAC
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006